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# PERISCOPE

## Saudi Arabia Sizes Up the M-1 Tank

Saudi Arabia has moved one step closer to buying the Pentagon's new M-1 tank, which means that the Reagan administration is one step closer to another confrontation with Israel and the Congress over Middle East arms sales. The Saudis have asked for an in-country demonstration of the M-1 later this year, so that they can see how well the much-criticized tank performs in desert conditions. Pentagon officials insist that the M-1 would not increase Saudi ability to attack Israel; it would be used, they say, to help repel threats from South Yemen. Israel and its congressional allies denounced previous sales of F-15 and AWACS aircraft to Saudi Arabia.

## The Budget Is Caught in an 'Iron Rectangle'

After two years of virtual unanimity, the Republicans who control the Senate Budget Committee are now badly split over how to reduce the huge federal budget deficit. In recent closed-door GOP committee caucuses, four factions have emerged from the 12-member majority including one that refuses to accept any cuts in defense spending and another whose opposition to tax increases is unalterable. Says one committee staff member, "It's an iron rectangle." In the last two years the Senate Budget Committee provided the basic framework for congressional budget action. If the iron rectangle can't be broken, it will be more difficult for Congress to make major changes this year in existing tax and spending policies.

## The Soviets Show Some SAM Restraint

It appears that Soviet cautiousness had something to do with Israel's decision not to attack the new SAM-5 missile installations in Syria (PERISCOPE, Jan. 31). With their 150-mile range, the SAM-5s pose a potential threat to Israeli aircraft operating over Lebanon. But after surveying sites to the south, north and east of Damascus, the Soviets refrained from installing any SAM-5s at the southern site. From the eastern and northern installations, the SAM-5s cannot target low-flying Israeli jets on combat missions over Lebanon. With the threat reduced, Israel decided that a pre-emptive strike was not worth the political cost.

## The President's 'Black' Problem in '84

Congressman Harold Washington's upset victory in Chicago's Democratic primary was a bad omen for Ronald Reagan. Nervous White House aides say that the heavy black-voter turnout that made Washington a winner reinforces the findings of Reagan pollsters that blacks voted in unprecedentedly high numbers during the 1982 elections. Blacks, who tend to view Reagan as an enemy of the poor, "were negatively inspired," says one Reagan analyst. Reagan strategists want him to make new overtures to the black community if he plans to run again in 1984. But they believe that only a significant economic turnaround can head off a black-voter rebellion.

## The FTC Tackles the GM/Toyota Deal

An internal debate is already taking shape between commissioners and staff on the Federal Trade Commission over whether the General Motors-Toyota agreement to jointly produce subcompact cars violates U.S. antitrust law. Commission sources say that to reach a finding favorable to the automakers, the commission will have to stretch some rules. "If you can define the market for subcompact cars as a separate and distinct market, then GM's 45

percent share of the total auto market can be ignored," says one FTC source. "Also, if you can construe GM's shrinking share of this subcompact market as a precursor of inevitable failure in that market, you might extend the failing-firm argument to cover the deal." (The failing-firm doctrine holds that a company going out of business will automatically reduce competition in its field, so almost any method of saving it sustains competition.) Resolving questions such as these is expected to take several months.

## Laxalt/Baker Feud at GOP Headquarters?

There may be trouble in President Reagan's re-election campaign before it even begins. Insiders say that Reagan confidant Sen. Paul Laxalt is moving to consolidate his position as top GOP political strategist and that may put him at odds with White House chief of staff James A. Baker III. Laxalt has made it clear that as Republican Party general chairman he expects to pick the campaign manager and other crucial members of the re-election team should Reagan decide to run again. But according to close associates, Jim Baker expects to be involved in those decisions as well. Given Reagan's demonstrated reluctance to settle staff disputes, GOP operatives are concerned that a long, indecisive power struggle could badly damage any re-election effort.

## Moscow Tilts to Iraq

U.S. officials believe that the Soviet Politburo has decided to throw its support to Iraq in the Iran-Iraq war. Moscow's relations with Teheran have been deteriorating for several months; early in February, for example, Iran's top communist was arrested on charges of spying for the Soviet Union. Now U.S. officials believe that Moscow has given up hope of improving relations with Iraq and will begin sending large shipments of arms to Iraq, which has received only modest Soviet aid since the war began.

## The Beirut Massacre: What Mossad Knew

The secret 10-page annex to the official Israeli report on the Beirut massacre contains additional evidence that Israeli officials should have expected bloodshed, according to an official familiar with the document. Shortly before the massacre, Mossad, Israel's intelligence agency, learned that Christian Phalangists were preparing to stage a lethal raid on Mieh Mieh, a small Palestinian refugee camp outside Sidon. Once alerted, Israeli defense forces prevented the attack. Mossad also reported that the Phalangists were eager to purge Beirut of remaining Palestinians.

## Kaddafi and a Death in Romania's Woods

Was there an attempt on the life of Libya's Col. Muammar Kaddafi in Romania? According to Western intelligence sources in Washington, the answer is "maybe." Sometime during Kaddafi's January visit, a man was killed during an incident in an area where the government maintains several hunting lodges for distinguished guests; a series of arrests followed. By one account circulating in intelligence channels, the dead man was Kaddafi's driver, killed during an assassination attempt. Other diplomatic sources have heard that the death occurred during a failed coup aimed at Romania's Nicolae Ceausescu. Or the incident may simply have been an accident for which some people were arrested. "No one is sure what really happened," says one expert. "But a flag is up."

ERIC GELMAN with bureau reports